



Minutes

Omega Multi Academy Trust

Finance and Audit Committee

Monday 12th February 2018, 5:00pm

Present:

Paul Goodwin (PG)	Naheem Shafiq, Chair (NS)
Andrew Redman (AR)	Jon Joyce (JJ)
Stewart Quinn (SQ)	Jon Wright (JAW)
Alan Keating (AK)	Andy Bent (AB)

In attendance: Becky Pennington, HR Officer Clerking the meeting

1. Apologies and Welcome

All were present with the exception of Vicky Higham.

NS welcomed everyone and introductions were made for the Clerk.

2. The Academies Financial Handbook

AK explained the document as the do's and don'ts what we can and can't do as an academy. He referred to page 11 which outlines the ESFA's (an independent body linked to the DfE) intervention powers if there are any concerns within the trust.

NS explained that this was a really good and useful documents and covered all aspects of Finance. He referred to Annex C which is 'the musts' and really helps to summarise the document. He explained that the main focus of the document was to help the CFO, CEO and Chair of the committee, but that it was also useful to trustees as it could help clarify things.

AR stated that he was still referring all queries to AK in the first instance to ensure following correct procedures.

3. Audited Accounts for Great Sankey Academy Trust

AK explained that the trustees needed to know the starting point for the MAT. The company registration number is remaining the same as the 4 primaries are joining Great Sankey under a new name, but it is one company. The assets and liabilities of all the schools transfer over to the Omega MAT.

He referred to the balance sheet on page 26 of the document. This shows that the trust is starting off with a healthy bank balance, the primaries don't bring substantial amounts but they will add to this starting point. AK has received advice from the auditors about the chart of accounts structure and the preferred option of having one bank account. As we are now one Academy there are no bail outs for the Local Authority, there is a need to keep a healthy bank balance to ensure we can pay our staff and liabilities etc.

JJ stated that all 5 schools were owned by the MAT and none of them could do anything in isolation to affect this balance. JW explained that it had been agreed that any surpluses could be used by the individual schools but that all 5 schools now had one set of accounts and are audited as one.

NS asked about whether the accounting period had been extended. AK explained that the period runs from September to August. Therefore, in August 18, there would be 12 months of accounts for Great Sankey but only 8 for the 4 primaries. All accounts will be consolidated into 1, but the Local Authority have a 4-month period, from January to tie everything up. Therefore, realistically we will not have a full picture until September 18. AK informed the Committee that the Auditors were not in favour of extending the period, which therefore, means we will not have a full 12 months' accounts for the MAT until August 2019.

4. Update on Organisational Integration Systems Implementation

AK explained that Great Sankey already had a financial system in place and so enquired about the cost of extending this system out to the 4 primaries. This was quoted at £45,000, which was felt to be too expensive. Therefore, it went out to tender and a supplier was found who could supply a system for a total £17,000 for all 5 schools, with an annual cost of £3000. AK wanted to thank all staff who had been involved in this as it took a lot of work

SQ explained that although there had been a few teething problems at the start on the whole it has been a positive change as many staff had been set in their ways of doing things, which were not the most efficient methods. The new system makes invoicing much faster and easier to manage. On the whole it is a much better system.

AR commented that he felt AK involving all the business managers from the start helped with finding the right system and this is something that should be continued going forward.

AK explained that there is now a central accounts team, 2 staff and AK. There has been transition process of getting all the suppliers onto the system. The suppliers are only being paid by BACS, not by cheque. Individual staff members have delegated authority to carry out their own approvals for purchases. There are now weekly payment runs so that suppliers are paid quickly after invoices are approved. This has reduced the number of calls being made by suppliers calling to see where their payments are up to.

There was a massive exercise carried out to try and reduce the number of suppliers we use. This has gone from 2000 down to around 400. The primaries are bringing around another 400 but there is also a work in progress to try and reduce this also.

There was a brief discussion over any early discounts for paying suppliers, but it was agreed that this could be something that is looked at in the future once the system is up and running smoothly.

AK also explained that Great Sankey had now moved back to Warrington Borough Council for payroll and wanted to thank JW for negotiating and agreeing this contract. WBC is now responsible for all pension administration, including a backlog of queries. There is an issue with WBC Payroll's reporting, which necessitates AK having to convert the reports into a suitable format for all 5 schools.

AK also explained how there had been difficulties in setting up the bank account; however, as this had been achieved in advance of conversion, potential problems were avoided.

JW stated that the level of work that had taken place behind the scenes was he and suggested that the Chair of this panel email all staff involved to personally thank them for their hard work, and gave a special thanks to AK.

Action: NS to send thank you email to all staff who have been involved

JJ asked about treasury management. AK explained that £2m was being held with Lloyds bank in a low risk policy. JW stated this was something to return to in the future.

AB asked about the management accounts and how they are to be presented. AK explained that there is still more work to do with this and was on the agenda to be done. He stated that there would be management accounts available for the next meeting. A discussion was had around the format of the accounts and it was agreed that AK and NS would meet separately to discuss further.

Action: AK and NS to arrange a suitable time to meet

5. Update on budgets

AK gave the 8 months from Jan – Aug 18 budgets, which is worked out by looking at the whole year budget from 1st April 17 – 31st March 18 and dividing 243/365 days.

Burtonwood - £531,000
Chapelford - £1,146,000
Park Road - £510,000
Old Hall - £920,000
Great Sankey - £5,546,000

JW explained that there was no financial increase from becoming the MAT

AK explained the difficulty in getting actual figures has been getting the information from the local authority with regards to the settlement figure as at 31st December 2017. There are estimated figures and all are in surplus, none are in deficit but will not know until April.

NS stated he would speak to James Campbell at Finance directly to try and speed things up.

Action: NS to chase up settlement figures

AK explained that he is aiming to get all the budgets uploaded by end of Feb and can then try and begin forecasting, however don't get new budgets until April. Warrington Schools budgets have gone up by 3% but there isn't any way of knowing the MAT's before then. There is no way that we can see actuals against budget as yet, Great Sankey is on track and is looking at £2.6m by the end of the year.

JW explained that the ESFA had already contacted him about one of the schools flagging up a potential deficit and asking for an action plan. AK stated it was unlikely that the action plan would be needed as there should be no deficit but that the MAT still had to provide the action plan. Each school has its own caseworker so potentially will have further calls.

6. Update on Finance

This will be provided for the next meeting.

7. 2% pay increase

NS explained that this agenda item came from a NASUWT recommendation that there needs to be a uniform pay policy. There needs to be a discussion over the wider implications in terms of affordability.

JW explained that the letter received stated that Warrington Borough Council were advising their schools to give 1% across the board to the teachers. The School Teachers Pay and Conditions Documents actually stated to give 2% to the minimum and maximum on MPS and 1 % to UPS. Great Sankey decided to give 2% for all MPS and 1 % for UPS and Leadership. The question is what are we going to do now as a MAT as some of the primaries didn't do the same as Great Sankey. The answer would be that it was a pre-conversion decision which we cannot now change as it had been budgeted for, however in the future we would look to re-align everything.

A further discussion took place over the prospect of Equal Pay claims as now the MAT is one employer. There are marginal differences between Great Sankey and the primaries payscales. There is about £21-£22K difference for MPS. It was agreed it needs to be looked at further and the actual differences between the scales looked at first.

Action: AK to do a consolidation exercise and JW will draft a response to the letter

8. MAT Central Services

AK explained that currently it is not clear which of the schools pay for which central services such as the CEO, CFO, IT etc. As a MAT there is a requirement to divvy up the costs between all 5 schools but this needs to be done in the fairest way to all.

There are 2 options to splitting the costs. Option 1 is to split it by the grant funding percentages, but Option 2 is much fairer across the board and will not affect individual school surpluses as much. AB suggested an Option 3, which was that Great Sankey bore the costs initially, which had already been agreed by the school governors. AK stated that this couldn't be done long term as there is a requirement to split the cost. It was agreed that going forward Great Sankey would bare 100% of the costs until budgets and surpluses become clearer and services such as SLA's with Warrington Borough Council were moved to MAT central services.

9. Any Other Business

AB explained the need for some central employment contracts for both CEO and CFO. There is also a need to set up Performance Management group to arrange this and to set targets etc. for the year and make an offer. It was agreed tht AB would chair this panel and PG and JJ would also be involved.

Action: PM group to meet and agree objectives and contracts.

AB raised the need to have an internal control manual that has been assessed against the Warrington Borough Council one and is signed by everyone.

Action: AK to send this to relevant primary and secondary staff

AB raised the need to look at risk and audit being a separate committee when there are more trustees on board so that more auditing can take place.

NS asked about where things were up to with regards to appointing a company secretary. JW explained that this had gone out to advert twice but that both times no one was appointed. It was recognised that the board is actually looking for 3 different skill sets and that the role isn't currently being pitched correctly due to the low salary and the varying skills needed. It was suggested that this role could possibly be for a highly skilled administrative member of staff already working in one of the schools who could be trained up to carry out the full role. It would then be easier to backfill that person's post.

Action: All Heads to look at existing staff and see if there is anyone with the potential to fulfil this role

10. Suggested agenda Items for next meeting

- Management accounts form 1st January - date of the next meeting
- Allocations and any funding we have e.g. CIF bids etc.
- Update on the 2% review
- Update on actions from this meeting

The next meeting is scheduled for 30th April.

JJ gave his apologies for the next meeting.